

# Finance Committee Meeting

## April 15, 2020

# Meeting Agenda

1. Financial Impact of COVID-19
2. Lancaster County Treasurer – Petition to Stay 2020 Upset Tax Sales
3. 2019-20 Projected Budget Outcomes
4. 2020-21 General Fund Budget
5. 2020-21 Capital Reserve Fund Budget
6. Items from the Committee

# Financial Impact of COVID-19 - Revenues

Assumptions 2/24/2020	Assumptions 4/15/2020
<b>Real Estate Taxes</b> 1. Millage Rate Increase: discussed 1.5%-2% 2. Collection Rate: 96.8% 3. Assessment Appeals: N/A 4. Delinquent Taxes: \$470,000 5. Transfer Taxes: \$520,000	1. TBD 2. 94% 3. TBD 4. 25% reduction or \$117,500 less 5. 25% reduction or \$130,000 less
Earned Income Tax: \$3,389,000	2019-2020 reduced est. by 8% or \$259,336 2020-2021 reduced 15% or \$508,350
Interest Earnings: 1.25%-2.5%	0.25-0.75% which equates to \$175,000 less
<b>State Subsidies</b> 1. Basic Ed: 1% 2. Special Ed: 1% 3. Transportation: flat	At best flat for each and likely delayed 1. Reduced by \$45,000 2. Reduced by \$15,000
Federal Assistance CARES Act – N/A	Est. \$400 M for PA distributed similar to Federal Title I funding
Act 1 base index: 2020-2021 – 2.6% 2021-2022 – 3.2% 2022-2023 – 3.3% 2023-2024 – 3.4% 2024-2025 – 3.5%	Based on PA wages and US school costs. Trailing data so very likely to impact Districts for several years.

# Financial Impact of COVID-19 - Expenses

Assumptions 2/24/2020	Assumptions 4/15/2020
Enterprise Accounts designed for revenues to offset expenses 1. School Age Child Care (SACC) 2. Food Service	No revenues for SACC and just Federal subsidies for Food Service 1. Use SACC fund balance 2. General Fund est. transfer to Food Service in 2019-2020 of \$195,000
Federal Grants – Title I and II – federal funds offset expenses	Anticipate minor impact to 2019-2020
Unemployment Compensation claims (Districts are self-insured)	Anticipate minor impact in both years
PSERS actuarial projections: 2019-2020 – 34.29% (est. net exp. \$4 M) 2020-2021 – 34.51% 2021-2022 – 34.95% 2022-2023 – 35.62% 2023-2024 – 36.12% 2024-2025 – 36.60%	Early estimates are for these figures to increase 1-3% beginning in 2021-2022
Utilities – electric, natural gas, fuel, water and sewer	Estimate \$75,000 savings for 2019/20

## Lancaster County Treasurer – Petition to Stay 2020 Upset Tax Sales

Lancaster County Treasurer, Amber Martin, reached out to each Township, Borough and School District in Lancaster County.

Due to the current pandemic and the economic distress it has caused, she is requesting our consent to allow her to petition the Courts to postpone the 2020 Upset Tax Sale.

We will be recommending the Petition for adoption at the April 20, 2020 Board Workshop.

# 2019-20 Projected Budget Outcomes

		2019-20 Budget	2019-20 Projected	\$ Difference	% Variance to Budget
<b>Total Fund Balance - Beginning</b>		6,636,930	7,752,052	1,115,122	
<b>Revenue:</b>					
	Local	40,979,010	40,701,709	(277,301)	-0.68%
	State	12,944,970	13,169,202	224,232	1.73%
	Federal	462,650	478,310	15,660	3.38%
	Other Financing Sources	0	0	-	
	<b>Total:</b>	54,386,630	54,349,221	(37,409)	-0.07%
<b>Expenditures</b>		55,164,010	54,390,926	(773,084)	-1.40%
<b>Transfer to Food Service</b>		0	195,000		
<b>Transfer to Capital Reserve</b>		0	0		
<b>Total Expenditures and Transfers</b>		55,164,010	54,585,926	(578,084)	-1.05%
<b>Operating Balance:</b>		(777,380)	(236,705)		
<b>Total Fund Balance - Ending</b>		5,859,550	7,515,347		
<b>Assigned for Retirement</b>		1,300,000	1,300,000		
<b>Assigned for Lost Appeals</b>		171,710	171,710		
<b>Assigned for Technology</b>		48,000	48,000		
<b>Unassigned Fund Balance</b>		4,339,840	5,995,637		
<b>Total Fund Balance</b>		5,859,550	7,515,347		
<b>Note - 2018-2019 budget surplus of \$1,567,084 is recommended to carry fwd in Unassigned Fund Balance</b>					

# 2020-21 General Fund Budget Timeline

- January 6, 2020 passed Act 1 Index Resolution to not raise taxes more than the adjusted Index of 3.0%
- Upcoming Budget deadlines:
  - May 4, 2020 Board Meeting: deadline to adopt 2020-21 Proposed Final Budget
  - June 8, 2020 Board Meeting: deadline to adopt 2020-21 Final Budget

# Index and Millage Rate Increase History

	Fiscal Year										Averages	
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>10-yr Avg</u>	<u>5-yr Avg</u>
Act 1 Base Index	2.90	1.40	1.70	1.70	2.10	1.90	2.40	2.50	2.40	2.30	2.13	2.30
Act 1 Adjusted Index for L-S	2.90	1.60	1.70	2.00	2.50	2.20	2.80	2.90	2.80	2.70	2.41	2.68
Percent Increase in L-S Millage	3.72	1.60	1.70	*1.90	0.90	1.30	1.90	1.50	1.50	1.70	1.77	1.58
Avg Increase Lancaster Cty Districts	3.46	1.45	2.36	2.16	2.03	1.71	2.79	2.22	2.15	2.15	2.25	2.20

- 9 out of 10 years – L-S was below or at the index.
- 8 out of 10 years – L-S was below the County Average.

\* 1.26% net increase when factoring in elimination of the per capita tax.



# 2020-21 General Fund Budget – cont.

2% Millage Increase as of 2/24/2020

		2019-20 Budget	2019-20 Projected	2020-21 Proposed	Difference	% Change
<b>Total Fund Balance - Beginning</b>		7,752,052	7,752,052	6,536,288	(1,215,764)	-15.68
<b>Revenue:</b>						
	Local	40,979,010	41,104,220	41,782,960	678,740	1.65
	State	12,944,970	13,169,202	13,400,326	231,124	1.76
	Federal	462,650	478,310	478,310	0	0.00
	Other Financing Sources	0	0	0	0	
	<b>Total:</b>	<b>54,386,630</b>	<b>54,751,732</b>	<b>55,661,596</b>	<b>909,864</b>	<b>1.66</b>
<b>Expenditures</b>		55,164,010	54,467,496	56,785,824	2,318,328	4.26
<b>Transfer to Capital Reserve</b>		0	1,500,000	0		
<b>Total Expenditures and Transfers</b>		<b>55,164,010</b>	<b>55,967,496</b>	<b>56,785,824</b>	<b>818,328</b>	<b>1.46</b>
<b>Operating Balance:</b>		<b>(777,380)</b>	<b>(1,215,764)</b>	<b>(1,124,228)</b>		
<b>Total Fund Balance - Ending</b>		6,974,672	6,536,288	5,412,060		
<b>Assigned for Retirement</b>		1,300,000	1,300,000	1,300,000		
<b>Assigned for Lost Appeals</b>		171,710	171,710	171,710		
<b>Assigned for Technology</b>		48,000	48,000	0		
<b>Unassigned Fund Balance</b>		5,454,962	5,016,578	3,940,350		
<b>Total Fund Balance</b>		<b>6,974,672</b>	<b>6,536,288</b>	<b>5,412,060</b>		
<b>% of Unassigned Fund Balance to Total Expenditures</b>		9.89%	8.96%	6.94%		

# 2020-21 General Fund Budget – cont.

Strictly for Comparison purposes: 2% Millage Increase as of 4/15/2020

		2019-20 Budget	2019-20 Projected	2020-21 Proposed	Difference	% Change
<b>Total Fund Balance - Beginning</b>		6,636,930	7,752,052	7,515,347	(236,705)	-3.05
<b>Revenue:</b>						
	Local	40,979,010	40,701,709	39,877,713	(823,996)	-2.02
	State	12,944,970	13,169,202	13,321,690	152,488	1.16
	Federal	462,650	478,310	478,310	0	0.00
	Other Financing Sources	0	0	0	0	
	<b>Total:</b>	54,386,630	54,349,221	53,677,713	(671,508)	-1.24
<b>Expenditures</b>		55,164,010	54,390,926	56,658,674	2,267,748	4.17
<b>Transfer to Food Service</b>		0	195,000			
<b>Transfer to Capital Reserve</b>		0	0	0		
<b>Total Expenditures and Transfers</b>		55,164,010	54,585,926	56,658,674	2,072,748	3.80
<b>Operating Balance:</b>		(777,380)	(236,705)	(2,980,961)		
<b>Total Fund Balance - Ending</b>		5,859,550	7,515,347	4,534,386		
<b>Assigned for Retirement</b>		1,300,000	1,300,000	1,300,000		
<b>Assigned for Lost Appeals</b>		171,710	171,710	171,710		
<b>Assigned for Technology</b>		48,000	48,000	0		
<b>Unassigned Fund Balance</b>		4,339,840	5,995,637	3,062,676		
<b>Total Fund Balance</b>		5,859,550	7,515,347	4,534,386		
<b>% of Unassigned Fund Balance to Total Expenditures</b>		7.87%	10.98%	5.41%		

# Comparison of Millage Increases

		2019-20	2020-21				
		Projected	0%	0.50%	1%	1.50%	1.75%
Revenue:		54,349,221	52,975,850	53,151,264	53,326,678	53,502,302	53,590,006
Expenditures		54,585,926	56,658,674	56,658,674	56,658,674	56,658,674	56,658,674
Operating Balance:		(236,705)	(3,682,824)	(3,507,410)	(3,331,996)	(3,156,372)	(3,068,668)
Total Fund Balance - Ending		7,515,347	3,832,523	4,007,937	4,183,351	4,358,975	4,446,679
Change from 0.0%				175,414	350,828	526,452	614,156
Assigned for Retirement		1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Assigned for Lost Appeals		171,710	171,710	171,710	171,710	171,710	171,710
Assigned for Technology		48,000	-	-	-	-	-
Unassigned Fund Balance		5,995,637	2,360,813	2,536,227	2,711,641	2,887,265	2,974,969
Total Fund Balance		7,515,347	3,832,523	4,007,937	4,183,351	4,358,975	4,446,679
Median Homestead \$214,850			3,637	3,655	3,673	3,691	3,700
Change from 0.0%				18	36	54	63

## 5-year Projection based on 0% for 2020-2021

	Projected Actual	Projected Budgets				
		0.00%	1.90%	1.90%	1.90%	1.90%
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
TOTAL REVENUES	54,349,221	52,975,832	53,994,450	55,197,776	56,597,045	58,032,118
TOTAL EXPENDITURES & OTHER FINANCING USES	54,585,926	56,658,674	58,383,839	59,914,898	61,630,737	63,413,693
BASELINE OPERATING BALANCE	(236,705)	(3,682,842)	(4,389,389)	(4,717,122)	(5,033,693)	(5,381,575)
TOTAL FUND BALANCE (Beginning of Year)	7,752,052	7,515,347	3,832,505	(556,884)	(5,274,006)	(10,307,699)
TOTAL FUND BALANCE (End of Year)	7,515,347	3,832,505	(556,884)	(5,274,006)	(10,307,699)	(15,689,274)
<b>Notes</b>						
2019-20 expenditures include a \$210,000 one-time expense from the Assigned for Technology Fund Balance						
Unspent budgetary reserve will improve the baseline operating balance. Budgetary reserve is projected at \$400,000 each year.						
In addition to budgetary reserve, the conservative budget approach may also improve the projected baseline operating balance.						

# 2020-21 Capital Reserve Fund Budget

differences from 2/24/2020

- Only recommended change from the 3/16/2020 Buildings and Grounds Committee was to look at replacing the Cooling Towers at Hans Herr, Martin Meylin and the High School in the same year. Goal was to save funds for project setup, mobilization and soft costs.
- We will also need to adjust the Interest Earnings downward.

# Items From the Committee

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